

3. Applicant has inserted figure numbers and reference numerals into the specification in support of the new FIGURES 1-3. Applicant has also added sections entitled "Brief Description of the Drawings" and "Description of the Reference Numerals" corresponding to the new FIGURES 1-3. The addition of these sections, like the drawings to which they correspond, are completely supported by the text of the original disclosure, thus no new matter has been added.

4. Applicant has amended the specification to reiterate the best mode of the invention. This information was clearly provided in the original disclosure (see, e.g., page 1, line 27 through page 2, line 4). Thus, no new matter has been added by this amendment.

5. Applicant has added with this amendment Attachments 1-8 which are numerical tables corresponding to original Example 13, cases 1-4 and original Example 14, cases 1-4, respectively. All of the material provided in these tables can be readily derived from the text of the examples provided in the original disclosure, thus no new matter has been added by inclusion of these tables.

6. Claims 1 and 6 stand rejected under 35 USC 112, paragraph two, as being indefinite due to the use of the phrase "such as." Applicant has amended claims 1 and 6 to replace the phrase "such as" with --comprising--, thereby making it clear that the limitations following the phrase are part of the claimed invention. The rejection of claims 1 and 6, as amended, under 35 USC 112, paragraph two, is therefore respectfully traversed. Applicant requests that the rejection be reconsidered and withdrawn.

7. Claims 1-13 currently stand rejected under 35 USC §102(e) as being anticipated by *Shepherd* (U.S. Patent No. 5,970,479). Applicant respectfully traverses the rejection of claims 1-13, as amended.

With respect to claims 1, 6, 9 and 10, it is alleged that *Shepherd* discloses some limitations of the current invention, for example: a central clearing house; a cash deposition facility, such as computer based cash management fund, electronically linked to the central clearing house computer; and automated real time screen trading system linked to the central clearing house computer; contract exchange creates, trades and closes in indivisible financial package contracts each of which have two parties, a buyer and seller; credit immediately transferred from the trading account from the party making the loss to the party making the profit. However, *Shepherd* is not alleged to disclose many of the additional claimed limitations of the current invention. For example, there is no allegation that *Shepherd* discloses limitations including: the price of the contracts is determined by a market; investors make sufficient funds available to a trading account from a depositing account (bank) to cover the proportion of the value of a contract, as determined by the gearing (leverage) ratio; as the price moves in the market, the parties to contracts gain or lose the entire changed value of the contracts they hold; either the buyer or the seller makes an incremental profit after each movement and the counter party makes an incremental loss; the clearing house holds options on all the contracts and is able to exercise its option rights to dispose of some or all of a party's contracts in the market if that party's trading, or assigned funds become insufficient to cover the proportion of the value of the contracts held, as determined by the gearing ratio; should the clearing house be unable to dispose of the contracts required in the market when the contract price moves such that the party's funds fall to zero, is able to close all that party's contracts at that price, simultaneously closing all the contracts held by the counter parties; closing takes place without delay and without the involvement of any other parties. The Examiner's position appears to be that the claimed limitations not disclosed in *Shepherd* are inherent to any agreement made with a brokerage or a clearing house, as allegedly described in the cited document "*Basic Facts About Futures Trading*" (hereinafter "*Basic Facts*") pages 6-8. This allegation is without support in fact, however, and thus does not support the rejection of the subject claims. The *Basic Facts* document teaches "{A} customer who incurs a loss on a futures position may be called on to deposit additional funds to his account." (Page 6, paragraph 8) and "On any day losses accrue,

the losses will be deducted from the balance in {the customer's} margin account.” (Page 8, paragraph 2). Further, *Basic Facts* teaches that

“If and when the funds remaining available in {the customer's} margin account are reduced by losses to below a certain level -- known as the maintenance margin requirement -- {the customer's} broker will require that {the customer} deposit additional funds to bring the account back to the level of the initial margin. Or, {the customer} may also be asked for additional margin if the exchange or {the customer's} brokerage firm raises its margin requirements.” (Page 8, paragraph 3).

Finally, *Basic Facts* teaches “If margin calls are not met in the prescribed time and form, the firm can protect itself by liquidating {the customer's} open positions at the available market price (possibly resulting in an unsecured loss for which {the customer} would be liable).” (Page 8, paragraph 5).

The outcome taught by *Basic Facts*, namely a customer ending up with an unsecured loss for which they are liable, is exactly the outcome that the present invention avoids. Instead, the current invention provides that “The potential losses of the investors are restricted to a predetermined maximum level; that is the amount assigned to trading.” (See specification page 3, lines 13-14). This applies to both investors with long and short positions. As claimed in the independent claims, and as described in the specification as an Exempt Closing Crossing 205, the present invention particularly avoids this situation with both sides of the contract being closed out, i.e., the party and counter party to the contract (see specification page 5, line 33 through page 6, line 2). Page 8 of the specification describes when and how this occurs to ensure that the customer’s assigned funds never fall below zero. As a result, a customer can never end up with an unsecured loss for which they are liable. Page 10 of the specification states this (see e.g., lines 30-31).

Thus, it is apparent that the current invention as disclosed and claimed includes limitations which are significantly different from those which are allegedly inherent to an

agreement made with a brokerage or clearing house in accordance with the teachings of the prior art. In view of this significant teaching by the prior art away from the current invention, claims 1, 6, 9 and 10 are neither anticipated nor made obvious by *Shepherd* USPN 5,970,479. Applicant therefore requests that the rejection of claims 1, 6, 9 and 10 under 35 USC §102 be reconsidered and withdrawn.

8. Claims 2-5, 7, 8, 11-13 also stand rejected under 35 USC 102(e) as being anticipated by *Shepherd*. However, the Examiner does not allege that any of the cited limitations are disclosed in *Shepherd*, including: “wherein the clearing house exercising its option rights in attempting to dispose of a party’s contract in the market and counter party enters the opposite parameter of the market, then the clearing house may close all the party and counter party contracts that are in the market at the same time; the clearing house may close sufficient of the party’s contracts with the counter party’s contracts so that the party no longer has insufficient funds to cover the proportion of the value of the contracts held at the price of the market parameter; clearing house enters into a purchase of contract with a buyer and seller of a contract at the same price...”. Rather, the Examiner’s position again appears to be that these limitations are all inherent to the standard practice of the contract agreements between the clearing house or broker and the seller and buyer of the contract as taught in “*Basic Facts*” pages 6-8. As discussed in the previous remark, the prior art document “*Basic Facts About Futures Trading*” actually teaches away from the practices set forth in the current invention and thus the claimed limitations of the current invention are not inherent in the disclosure of the cited document. The additional limitations as set forth in claims 2-5, 7, 8, 11-13, as amended, further have not identified in the disclosure of *Shepherd*. Thus, the claims 2-5, 7, 8, 11-13, as amended, are neither anticipated nor made obvious by *Shepherd*. Applicant respectfully requests that the rejection of claims 2-5, 7, 8, 11-13 under 35 USC §102(e) be reconsidered and withdrawn.

Applicant has now made an earnest attempt in order to place this case in condition for allowance. For the reasons stated above, Applicant respectfully requests full allowance of the

claims as amended. Please charge any additional fees or deficiencies in fees or credit any overpayment to Deposit Account No. 20-0780/LAUS-24,408 of HOWISON, CHAUZA, HANDLEY & ARNOTT, L.L.P.

Respectfully submitted,

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**TABLE:**  
**EXAMPLE 13, CASE 1**

ATTACHMENT 1

LEVERAGING = 40X									
MODE =	SELL								
TRAD.METH.	(A)								
	GOLD	ASSIGNED	PROFIT	TOTAL	REMAINING	NUMBER	ASSIGNED	SURPLUS	TRANSFER
	COMFT	FUNDS per	or LOSS	PROFIT	ASSIGNED	OF	FUNDS in	ASSIGNED	to/from
	PRICE	CONTRACT	per MOVE	or LOSS	FUNDS	CTRACKS	CTRACKS	FUNDS	CMT
	\$	\$	\$	\$	\$		\$	\$	\$
	400	10	0	0	10000	1000	10000	0	-10000
	395	9.875	5000	5000	15000	1000	9875	5125	0
	390	9.75	5000	10000	20000	1000	9750	10250	0
	385	9.625	5000	15000	25000	1000	9625	15375	0
	380	9.5	5000	20000	30000	1000	9500	20500	0
	375	9.375	5000	25000	35000	1000	9375	25625	0
	370	9.25	5000	30000	40000	1000	9250	30750	0
	365	9.125	5000	35000	45000	1000	9125	35875	0
	360	9	5000	40000	50000	1000	9000	41000	0
	355	8.875	5000	45000	55000	1000	8875	46125	0
	350	8.75	5000	50000	60000	1000	8750	51250	0
	345	8.625	5000	55000	65000	1000	8625	56375	0
	340	8.5	5000	60000	70000	1000	8500	61500	0
	335	8.375	5000	65000	75000	1000	8375	66625	0
	330	8.25	5000	70000	80000	1000	8250	71750	0
	325	8.125	5000	75000	85000	1000	8125	76875	0
	320	8	5000	80000	90000	1000	8000	82000	0
	315	7.875	5000	85000	95000	1000	7875	87125	0
	310	7.75	5000	90000	100000	1000	7750	92250	0
	305	7.625	5000	95000	105000	1000	7625	97375	0
	300	7.5	5000	100000	110000	1000	7500	102500	0

**TABLE:**  
**EXAMPLE 13, CASE 2**

LEVERAGING = 40X									
MODE =	SELL								
TRAD.METH.	(A)								
	GOLD	ASSIGNED	PROFIT	TOTAL	REMAINING	NUMBER	ASSIGNED	SURPLUS	TRANSFER
	COMFT	FUNDS per	or LOSS	PROFIT	ASSIGNED	OF	FUNDS in	ASSIGNED	to/from
	PRICE	CONTRACT	per MOVE	or LOSS	FUNDS	CTRACTS	CTRACTS	FUNDS	CMT
	\$	\$	\$	\$	\$		\$	\$	\$
	400	10	0	0	10000	1000	10000	0	-10000
	405	10.125	-5000	-5000	5000	493	4991.625	8.375	0
	410	10.25	-2465	-7465	2535	247	2531.75	3.25	0
	415	10.375	-1235	-8700	1300	125	1296.875	3.125	0
	420	10.5	-625	-9325	675	64	672	3	0
	425	10.625	-320	-9645	355	33	350.625	4.375	0
	430	10.75	-165	-9810	190	17	182.75	7.25	0
	435	10.875	-85	-9895	105	9	97.875	7.125	0
	440	11	-45	-9940	60	5	55	5	0
	445	11.125	-25	-9965	35	3	33.375	1.625	0
	450	11.25	-15	-9980	20	1	11.25	8.75	0
	455	11.375	-5	-9985	15	1	11.375	3.625	0
	460	11.5	-5	-9990	10	0	0	10	0
	465	11.625	0	-9990	10	0	0	10	0
	470	11.75	0	-9990	10	0	0	10	0
	475	11.875	0	-9990	10	0	0	10	0
	480	12	0	-9990	10	0	0	10	0
	485	12.125	0	-9990	10	0	0	10	0
	490	12.25	0	-9990	10	0	0	10	0
	495	12.375	0	-9990	10	0	0	10	0
	500	12.5	0	-9990	10	0	0	10	0

TABLE:  
EXAMPLE 13, CASE 3

LEVERAGING = 40X									
MODE =	SELL								
TRAD.METH.	(A)								
	GOLD	ASSIGNED	PROFIT	TOTAL	REMAINING	NUMBER	ASSIGNED	SURPLUS	TRANSFER
	COMFT	FUNDS per	or LOSS	PROFIT	ASSIGNED	OF	FUNDS in	ASSIGNED	to/from
	PRICE	CONTRACT	per MOVE	or LOSS	FUNDS	CTRACKS	CTRACKS	FUNDS	CMT
	\$	\$	\$	\$	\$		\$	\$	\$
	400	10	0	0	10000	1000	10000	0	-10000
	390	9.75	10000	10000	20000	0	0	20000	



TABLE:  
EXAMPLE 13, CASE 4

LEVERAGING = 40X									
MODE =	SELL								
TRAD.METH.	(A)								
	GOLD	ASSIGNED	PROFIT	TOTAL	REMAINING	NUMBER	ASSIGNED	SURPLUS	TRANSFER
	COMFT	FUNDS per	or LOSS	PROFIT	ASSIGNED	OF	FUNDS in	ASSIGNED	to/from
	PRICE	CONTRACT	per MOVE	or LOSS	FUNDS	CTRACTS	CTRACTS	FUNDS	CMT
	\$	\$	\$	\$	\$		\$	\$	\$
	400	10	0	0	10000	1000	10000	0	-10000
	410	10.25	-10000	-10000	0	0	0	0	0

TABLE:  
EXAMPLE 14, CASE 1

LEVERAGING = 30X									
MODE =	BUY								
TRAD.METH.	(A)								
	AAOI	ASSIGNED	PROFIT	TOTAL	REMAINING	NUMBER	ASSIGNED	SURPLUS	TRANSFER
	COMFT	FUNDS per	or LOSS	PROFIT	ASSIGNED	OF	FUNDS in	ASSIGNED	to/from
	PRICE	CONTRACT	per MOVE	or LOSS	FUNDS	CTRACTS	CTRACTS	FUNDS	CMT
	\$	\$	\$	\$	\$		\$	\$	\$
	1800	60	0	0	70000	1000	60000	10000	-70000
	1815	60.5	15000	15000	85000	1000	60500	24500	0
	1830	61	15000	30000	100000	1000	61000	39000	0
	1845	61.5	15000	45000	115000	1000	61500	53500	0
	1860	62	15000	60000	130000	1000	62000	68000	0
	1875	62.5	15000	75000	145000	1000	62500	82500	0
	1890	63	15000	90000	160000	1000	63000	97000	0
	1905	63.5	15000	105000	175000	1000	63500	111500	0
	1920	64	15000	120000	190000	1000	64000	126000	0
	1935	64.5	15000	135000	205000	1000	64500	140500	0
	1950	65	15000	150000	220000	1000	65000	155000	0
	1965	65.5	15000	165000	235000	1000	65500	169500	0
	1980	66	15000	180000	250000	1000	66000	184000	0
	1995	66.5	15000	195000	265000	1000	66500	198500	0
	2000	66.666667	5000	200000	270000	1000	66666.667	203333.3	0

TABLE:  
EXAMPLE 14, CASE 2

LEVERAGING = 30X									
MODE =	BUY								
TRAD.METH.	(A)								
	AAOI	ASSIGNED	PROFIT	TOTAL	REMAINING	NUMBER	ASSIGNED	SURPLUS	TRANSFER
	COMFT	FUNDS per	or LOSS	PROFIT	ASSIGNED	OF	FUNDS in	ASSIGNED	to/from
	PRICE	CONTRACT	per MOVE	or LOSS.	FUNDS	CTRACTS	CTRACTS	FUNDS	CMT
	\$	\$	\$	\$	\$		\$	\$	\$
	1800	60	0	0	70000	1000	60000	10000	-70000
	1780	59.333333	-20000	-20000	50000	842	49958.667	41.333333	
	1760	58.666667	-16840	-36840	33160	565	33146.667	13.333333	
	1740	58	-11300	-48140	21860	376	21808	52	
	1720	57.333333	-7520	-55660	14340	250	14333.333	6.666667	
	1700	56.666667	-5000	-60660	9340	164	9293.3333	46.666667	
	1680	56	-3280	-63940	6060	108	6048	12	
	1660	55.333333	-2160	-66100	3900	70	3873.3333	26.666667	
	1640	54.666667	-1400	-67500	2500	45	2460	40	
	1620	54	-900	-68400	1600	29	1566	34	
	1600	53.333333	-580	-68980	1020	19	1013.3333	6.666667	
	1580	52.666667	-380	-69360	640	12	632	8	
	1560	52	-240	-69600	400	7	364	36	
	1540	51.333333	-140	-69740	260	5	256.66667	3.3333333	
	1520	50.666667	-100	-69840	160	3	152	8	
	1500	50	-60	-69900	100	2	100	0	
	1480	49.333333	-40	-69940	60	1	49.333333	10.666667	
	1460	48.666667	-20	-69960	40	0	0	40	

TABLE:  
EXAMPLE 14, CASE 3

LEVERAGING = 30X									
MODE =	BUY								
TRAD.METH.	(A)								
	AAOI	ASSIGNED	PROFIT	TOTAL	REMAINING	NUMBER	ASSIGNED	SURPLUS	TRANSFER
	COMFT	FUNDS per	or LOSS	PROFIT	ASSIGNED	OF	FUNDS in	ASSIGNED	to/from
	PRICE	CONTRACT	per MOVE	or LOSS	FUNDS	TRACTS	TRACTS	FUNDS	CMT
	\$	\$	\$	\$	\$		\$	\$	\$
	1800	60	0	0	70000	1000	60000	10000	-70000
	1860	62	60000	60000	130000	0	0	130000	

TABLE:  
EXAMPLE 14, CASE 4

LEVERAGING = 30X									
MODE =	BUY								
TRAD.METH.	(A)								
	AAOI	ASSIGNED	PROFIT	TOTAL	REMAINING	NUMBER	ASSIGNED	SURPLUS	TRANSFER
	COMFT	FUNDS per	or LOSS	PROFIT	ASSIGNED	OF	FUNDS in	ASSIGNED	to/from
	PRICE	CONTRACT	per MOVE	or LOSS	FUNDS	CTRACKS	CTRACKS	FUNDS	CMT
	\$	\$	\$	\$	\$		\$	\$	\$
	1800	60	0	0	70000	1000	60000	10000	-70000
	1730	57.666667	-70000	-70000	0	0	0	0	